

Ministry of
Treasury and
Economics

News release

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BUDGET - GENERAL

May 15, 1984

TORONTO -- Ontario will make major long-term investments in training for permanent employment, business innovation and services for those in need, through the economic transformation thrust of Treasurer Larry Grossman's 1984 budget.

He said the budget, entitled *Economic Transformation*, will "provide an opportunity for every young person in Ontario to prepare for a life of useful work and independence."

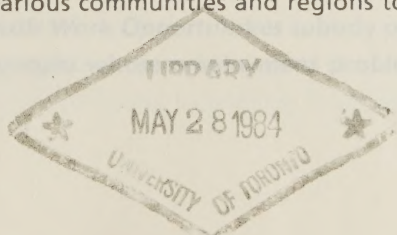
The budget avoids tax increases and adjusts only OHIP premiums, water power rental rates for Ontario Hydro, and the treatment of bank reserves. Grossman said he will use cost-cutting measures within government and the extra money generated as the economy expands to pay for new programs and reduce the provincial deficit from last year's budget forecast of \$2.7 billion to just over \$2 billion, or a drop of \$656 million.

Although the cost of health care continues to grow, Grossman said he is holding OHIP premium increases to 4.9 per cent or an additional \$1.40 a month for single subscribers or \$2.80 for families.

The Treasurer said the budget "rejects stop-gap measures" and instead "makes strategic investments in the long-term interests of our people."

The need for policies in his budget to facilitate economic transformation in Ontario society was emphasized by Grossman in a special pre-budget statement to the Legislature last December and subsequently at meetings with representatives of various institutions and organizations in the province.

As a result there are special initiatives incorporated in the budget to assist young people, women, older workers, farmers, universities, community colleges, businesses, entrepreneurs, the disadvantaged and the various communities and regions to adapt to economic and social change.



While he is encouraged that Ontario employment is now at its highest level ever, Grossman said unemployment, particularly for young people and older workers, continues to be a major challenge.

The Treasurer said \$600 million will be spent over the next three years for youth training and employment and for retraining experienced workers.

Ontario Youth Opportunities will co-ordinate and consolidate youth employment programs. He said youth training and experience programs will place a new emphasis on the hard-to-employ -- those young women and young men who suffer frequent and extended periods of unemployment -- and those adversely affected by economic change. Funding for the program will be provided through the Board of Industrial Leadership and Development (BILD).

Highlights of the youth training and experience programs include:

- a \$450-million three-year *Ontario Youth Opportunities Fund* to provide new opportunities for Ontario's young people to acquire the training and experience they need to prepare them for the future;
- mobilizing business involvement in youth training and counselling through the *Ontario Youth Trust*;
- providing valuable job experience and work in the community through the new *Ontario Youth Corps*;
- creating a *residential centres program* to provide intensive training for disadvantaged youth;
- improving the employability of youth with severe labour market problems through *Ontario Youth Start*;
- providing training and jobs for young people through *Ontario Youth Tourism*;
- creating an \$80-million *Ontario Youth Work Opportunities* subsidy program and targetting support to young people whose employment problems are most severe;

While he is encouraged that Ontario's employment is now at its highest level ever, Newman and unemployment, particularly for young people and older workers, continues to be a major challenge.

The Treasury said \$650 million will be spent over the next three years for youth training and employment and for retaining experienced workers.

Ontario Youth Opportunities will co-ordinate and consolidate youth employment programs. The new youth training and experience program will give a new emphasis on the hard-to-employ - those young women and young men who have been laid off and extended periods of unemployment - and those severely affected by economic change. Funding for the program will be provided through the fund of industrial leadership and development (ILID).

Highlights of the youth training and experience program include:

* a \$420 million three-year Ontario Youth Opportunities fund to provide new opportunities for Ontario's young people to receive the training and experience they need to prepare them for the future.

* enabling business investment in youth training and counselling through the Ontario Youth Trust.

* providing valuable job experience and work in the community through the new Ontario Youth Corps.

* creating a residential centre system to provide intensive training for disadvantaged youth.

* improving the employability of youth - the focus is on career education through Ontario Youth Skills.

* providing training and jobs for young people through Ontario Youth Training.

* creating an \$80-million Ontario Youth Opportunities subsidy program and targeting support to young people whose employment problems are most severe.

- offering interest-free loans for out-of-school youth to start new businesses through a *year-round venture capital incentive*;
- expanding from 33 to 100 the number of *youth employment counselling centres* in Ontario;
- creating a *part-time employment program* to keep young people in school. A \$1.25-per-hour wage subsidy will be provided for students in financial need;
- expanding the *Ontario Career Action Program* (OCAP) by increasing funding from \$19 million to \$24 million;
- appointing a *Youth Commissioner*, reporting to the Chairman of BILD, to oversee the co-ordination and design of provincial youth training and experience programs.

Grossman said many of the new initiatives have never been attempted in Canada. He said the government rejected temporary "make work" schemes because they do not equip young people with the training and experience they need to acquire long-term employment.

Retraining and Skills Upgrading for Experienced Workers

The Treasurer said the new *Ontario Skills Fund* will invest \$150 million over the next three years to help experienced workers adapt to changes in the workplace. It will also provide skills training and technical upgrading opportunities for women who want to enter or return to the labour force.

New initiatives include:

- *Training Trust Funds* -- the first of their kind in Canada -- to provide job security and retraining. Employers and employees will make equal hourly contributions. This year, the province will match contributions of employees up to a maximum of \$100,000 per firm;
- *Special training initiatives* of \$40 million targetted to help women and older workers upgrade their skills and education and participate in on-the-job training. In particular, funding for the Technical Upgrading Program will be

tripled from \$4 million to \$12 million primarily to help women acquire the technical background required either for jobs or advanced training;

- A \$2,000 incentive for employers to hire and train workers over age 45 who have been laid off;
- Special provincial grants to help keep open Unemployed Help Centres run by trade unions.

Innovation, Enterprise and Small Business

Grossman introduced measures to promote the development of new technology and to ensure its rapid adoption in the community and in the workplace. These include:

- A \$4 million program to place more than 4,000 computers in community facilities throughout Ontario to give children most in need greater access to them. Grossman explained: "The foundation of today's democracy was put in place by those who had the vision to teach the poor as well as the rich to read and write. If equality of opportunity is to remain the hallmark of Ontario, all our children must have fair and adequate access to the computer."
- A new three-year \$30-million *University Research Incentive Fund* designed to generate up to \$90 million to help universities acquire state-of-the-art equipment and encourage research relevant to the economy;
- A total of \$42 million in funds for research, buildings and equipment for Ontario universities in 1984-85;
- Programs to help small firms buy or rent high-tech equipment and robots;
- Educational grants to small- and medium-sized firms to aid in the adoption of new technology;
- A \$30-million, three-year *Automotive Parts Investment Fund* to ensure the future competitiveness of our auto parts industries;
- An exemption from corporate income tax for new small businesses for the first three years after their incorporation, which will represent about \$45 million of assistance annually;

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- A \$25-million allocation this fiscal year to the Small Business Development Corporations (SBDC) program. Of this, \$7.5 million is dedicated exclusively to investments in northern and eastern Ontario and \$5 million is set aside specifically for start-up enterprises;
- A \$10-million *Enterprise Growth Fund* to invest in three entrepreneurial development initiatives:
 - *Innovation Centres* in community colleges and universities to help commercialize new ideas and inventions;
 - *Enterprise Centres* throughout the province to provide low-cost space and support services to help new entrepreneurs to get established;
 - Incentives to evaluate the potential for large firms to spin off activities into independent new businesses.

Communities

Grossman said the budget will help communities throughout Ontario to meet successfully the challenge of economic transformation through:

- A flexible program of *Community Economic Transformation Agreements*, funded at \$20 million, to help communities with the most pressing economic needs;
- A new three-year, \$10-million economic diversification program for northern Ontario.

Key Sectors

The Treasurer announced special initiatives to strengthen key economic sectors:

- Promoting the establishment of a national *Agribond Program* to help farmers cope with the high cost of credit;
- Benefits for the tourism industry, including:
 - tax rebates on accommodation for out-of-province visitors;
 - opportunities to hire trainees through *Ontario Youth Tourism*.

The Treasurer re-affirmed Ontario's commitment to share the cost of several five-year joint economic development agreements with the federal government, including a \$30-million mineral development program and a \$60-million tourism development agreement. He announced that the federal Minister of Finance has already agreed to share the \$150-million cost of a new forestry agreement.

Assisting Individuals

The Treasurer stressed that major social changes are underway in Ontario, and introduced measures to strengthen the government's network of social services.

New initiatives will be developed in co-operation with the federal government to help the 50,000 young people who are on social assistance overcome welfare dependency. Now they will be able to return to high school or take upgrading classes without losing social assistance. The government will also offer placements in business and the community to help them gain work experience.

For single parents on social assistance, the government will provide \$1.2 million in child care subsidies so they can go out and participate in the labour market. Opportunities will be created for single parents on social assistance to gain job experience while providing services to the elderly and other groups in the community.

The federal and provincial governments will share the \$120-million cost of these initiatives over three years.

The Treasurer announced other measures to improve social services including:

- a \$4.8-million increase in day care funding to provide 1,500 more full-time subsidized spaces;
- encouraging families to accommodate elderly and disabled relatives at home and in the community through a tax assessment exemption on home renovations and additions undertaken for this purpose;
- an expanded program of attendant care to support independence for the disabled, doubling over five years the number of people who will benefit from this assistance;

- a new *Outreach Attendant Care* program to help 240 severely handicapped remain in, or return to, their homes;
- a five-year, \$30-million increase in social housing funding to provide rent-geared-to-income housing for 3,200 more families and disabled; and
- an additional \$3.5 million commitment to expand shelter services for battered women and their children.

As previously announced, GAINS payments to the single elderly will be increased. The Treasurer provided \$27 million for these improvements.

Government Restraint

The Treasurer said that by holding direct operating expenditures for most activities to last year's levels and selling off property holdings not essential to government needs, \$75 million will be generated to finance new initiatives.

The budget also calls for similar restraint by Crown corporations and agencies, and for modest spending and mill rate increases by municipalities and school boards. A special government review will examine Ontario's Crown corporations, including instances where the public would be better served by transferring some or all of their functions to the private sector.

1984-85 Fiscal Plan

The Treasurer projected a decline in the provincial deficit to \$2.039 billion this year.

With health care costs continuing to exert a major pressure on government spending, Grossman said OHIP premiums will be increased by 4.9 per cent to reflect a portion of the increase. He noted that premiums now pay less than 20 per cent of Ontario health costs.

Charges to Ontario Hydro for the use of publicly-owned water resources will also be increased in line with their true value and adjustments will be made to the formula used for taxing bank reserves.



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an additional \$2.5 million commitment to expand shelter services for battered women and their children.

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Government Revenue

The Treasurer said that by holding direct operating expenditures for most activities to last year's level and selling off property holdings not essential to government needs, \$25 million will be generated to finance new initiatives.

The report also calls for similar restraint by Crown corporations and agencies, and for modern spending and mill rate increases by municipalities and school boards. A special government review will examine Ontario's Crown corporations, including industries where the public would be better served by transferring some or all of their functions to the private sector.

1984-85 Fiscal Plan

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With health care costs continuing to exert a major pressure on government spending, Treasurer said OHP premiums will be increased by 4.9 per cent to reflect a portion of the increase. He noted that premiums now pay less than 30 per cent of Ontario health costs.

Changes to Ontario rights for the use of publicly-owned water resources will also be included in this year's value and adjustments will be made to the formula used for taxing bank reserves.